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Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

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July 12, 2004

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D. 
Director and Chief Medical Officer

SUBJECT: IMPROVING MANAGED CARE PLAN COLLECTIONS

As referenced in my April 14, 2004 memo to you, this is to provide an update on our progress in improving managed care and health care plan billing and collections during the second quarter of calendar year 2004.

- The Ad Hoc Committee, comprised of County Counsel, facility designated physicians, Patient Financial Services (PFS) Directors, Chief Financial Officers (CFOs), and Utilization Review (UR) Directors, continues to meet on a monthly basis to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program.

As a result of these meetings, a health care plan review log was developed and implemented on May 3, 2004. The purpose of the review log is to provide a tracking mechanism for identifying health care plan contract members whose entire hospitalization is not approved. The committee is currently in the process of developing a universal face sheet with a goal for completion and implementation by August 1, 2004. This face sheet will be used to notify health care plans via fax of their member's admission to the hospital.

- Maxicare has indicated that DHS should expect to receive a final payment of \$1.4 million by the end of December 2004, bringing our total to the allowed claim of \$2.6 million.
- Universal Care and RM have completed adjudicating and resolving all outstanding claims for dates of service through January 31, 2002. Checks totaling \$659,285

were received between April and May 2004. Universal Care agreed to begin immediately adjudicating the outstanding claims for dates of service February 1, 2002 through June 30, 2003, with a goal for completion by the end of August 2004.

- On March 10, 2004, RM and County Counsel met with UHP executives to bring to their attention the outstanding claims inventory for dates of service August 1, 2001 through June 30, 2003. On June 16, 2004, RM was notified that due to a change in personnel at UHP the claims adjudication process would be delayed pending the hiring and training of new staff.
- RM and Care 1st have scheduled their quarterly training at each facility beginning the third week of July 2004 and continuing through the end of August 2004.
- Blue Cross and RM agreed to meet monthly to perform claims resolution to ensure that claim issues are resolved expeditiously. As a result of these meetings, Blue Cross has paid DHS \$1.9 million for inpatient claims for dates of service July 17, 2001 through June 30, 2003. Blue Cross is currently adjudicating the outpatient claims for the same time period. The goal for completion is the end of August 2004.

Since January 2004, DHS, County Counsel, and Blue Cross have been meeting to resolve issues relating to reimbursement for patients seen in our clinics with either an authorization number or a referral. Blue Cross has indicated that they are not responsible for paying any clinic claims and to date have not done so. Blue Cross' Vice President (VP) indicated that a one time offer would be forthcoming for clinic claims with a valid authorization number or an attached referral form for dates of service through June 30, 2003. After this offer, Blue Cross will not honor any additional authorized/and or referral clinic claims.

- On April 26, 2004, DHS received its settlement of \$408,601 for all outstanding emergency services claims for CY 2002. Health Net and RM have begun adjudicating the January 1, 2003 through June 30, 2003 outstanding emergency services claims with a goal for completion by August 30, 2004.

The Department will continue to provide quarterly reports to the Board on our progress in improving managed care plan billing and collection. The next report will be provided in October 2004. If you have questions, please let me know.

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller